

Third Annual Report

on

EL 3/2012 – Ross

Reporting Period: 11 September 2014 – 10 September 2015

Project Operator: ABx4 Pty Ltd

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Date: 10 September 2015

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CONTENTS

1	ABSTRACT.....	2
2	INTRODUCTION	4
3	REVIEW OF PREVIOUS WORK	8
4	EXPLORATION COMPLETED DURING THE REPORTING PERIOD	9
5	DISCUSSION OF RESULTS	11
6	CONCLUSIONS AND RECOMMENDATIONS.....	12
7	ENVIRONMENT	13
8	EXPENDITURE	14
9	REFERENCES	15

TABLES

Table 1. Assay data from drill hole samples.....	10
Table 2. Exploration Activity and Expenditure Table for Current Reporting Period.....	14

MAPS

Map 1. Location Map of EL 3/2012 "Ross".	6
Map 2. Current and Proposed Relinquishment Area of EL3/2012.	7
Map 3. Locations of Ross targets drilled in 2015.	9
Map 4. Locations of Ross targets drilled in 2015, with surface geology.	10

FIGURES

Figure 1. Typical Cross-Section of Meadowbank/Rosedale Deposit	4
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APPENDICES

Appendix A – DL_1 spreadsheet (Lithology logs for drillholes)
Appendix B – DG_1 spreadsheet (Downhole geochemistry for drillholes)
Appendix C – SL_1 spreadsheet (Drillhole collars)
Appendix D – ABx Coding System (for DL_1)
Appendix E – Appendix File Listing

1 ABSTRACT

Objective:

Exploration Licence (EL) 3/2012 “Ross” was applied for in order to facilitate an exploration program to discover economically viable deposits of bauxite associated with Tertiary Volcanics, in an area with old peneplained surfaces preserved as plateaus. The goal of the program was to determine the location of potential bauxite deposits prior to assessing quality and quantity of the bauxite in the area using an RC drill rig mounted on a light 12 tonne truck.

Methodology:

1. Detailed geological mapping, including geomorphological mapping, to define the areas with best potential for bauxite.
2. Systematic sampling of natural outcrops and exposures in road cuts of lateritic weathering profile.
3. Chemical analyses of samples, including specialist analyses to determine total and available alumina, total and reactive quartz, loss on ignition and other analyses as required in bauxite search.
4. Planning of drilling programs on outcrops considered to be of sufficient quality to be quantified.

Results:

Following a desktop review of bauxite targets within EL3/2012 and subsequent field reconnaissance, three 3 RC holes were drilled with the Quorn Hall property target.

Data entry and analysis of drilling data occurred subsequently, followed by selection of samples for chemical analysis at the ALS Laboratory in Brisbane. Unfortunately, no samples assayed met bauxite grade.

During the past 12 months ABx4 has prioritised both financial and human resources towards its key prospects within EL7/2010 and EL9/2010 which have been designated by ABx4 as the locations for its first operating mines in Tasmania.

Detailed exploration within EL3/2012 is expected to recommence in the next reporting period.

Recommendations for future work:

Recommendation for future work include further:

- Further detailed geological mapping, including geomorphological mapping and study of satellite images to define the areas with the best potential for bauxite, with systematic sampling of natural outcrops and exposures in road cuts of bauxite profile.
- Chemical analyses of samples, including specialist analyses to determine total and available alumina, total and reactive quartz, loss on ignition and sieving (+0.26mm) at 260 microns as required in the bauxite search.
- Drill testing of zones with best potential with an RC drill rig mounted on a light six wheel drive truck to get samples representing the whole bauxite profile.
- Systematic drilling at close spacing to obtain data for preliminary resource estimation in the best target areas defined by program.
- Systematic sampling and drilling at waypoints with best bauxite potential.
- Sieve testing to find optimal sieve size for Tasmanian bauxites.
- Detailed analysis of assay results to determine assaying strategy for future drilling.

2 INTRODUCTION

Exploration Rationale

ABx4 Pty Ltd the holder of Category 1 Exploration Licences EL3/2012 wholly owned subsidiary of Australian Bauxite Ltd. Australian Bauxite Limited (ABx) (ASX: ABX) is an exploration company that holds the core of the Tasmanian Bauxite Province with all tenements selected on 3 principles:

- Quality – good quality bauxite with potential for significant resource tonnages;
- Proximity – easy access to infrastructure connected to export ports; and
- Accessibility – free of socio-environmental or native title land constraints.

Land within the tenement consists of freehold agricultural land with some forests and plantations.

EL 3/2012 “Ross” was applied for in order to facilitate an exploration program to discover economically viable deposits of bauxite associated with Tertiary Volcanics in an area with old peneplained surfaces preserved as plateaus. The goal of the program was to determine the quality and quantity of the bauxite in the area using an RC drill rig mounted on a light 12 tonne truck.

Geological Setting

The historic work done by H.B. Owen (‘Bauxite in Australia’, 1954) demonstrated that bauxite in Tasmania can be found in both Jurassic Dolerite and Tertiary Basaltic Volcanics. According to Owen, these bauxite deposits - regardless of host rock type - are thought to form either as ‘grouped remnants of former continuous sheet’ or ‘formed in lenticular or pod shaped bodies in localised depressions’.

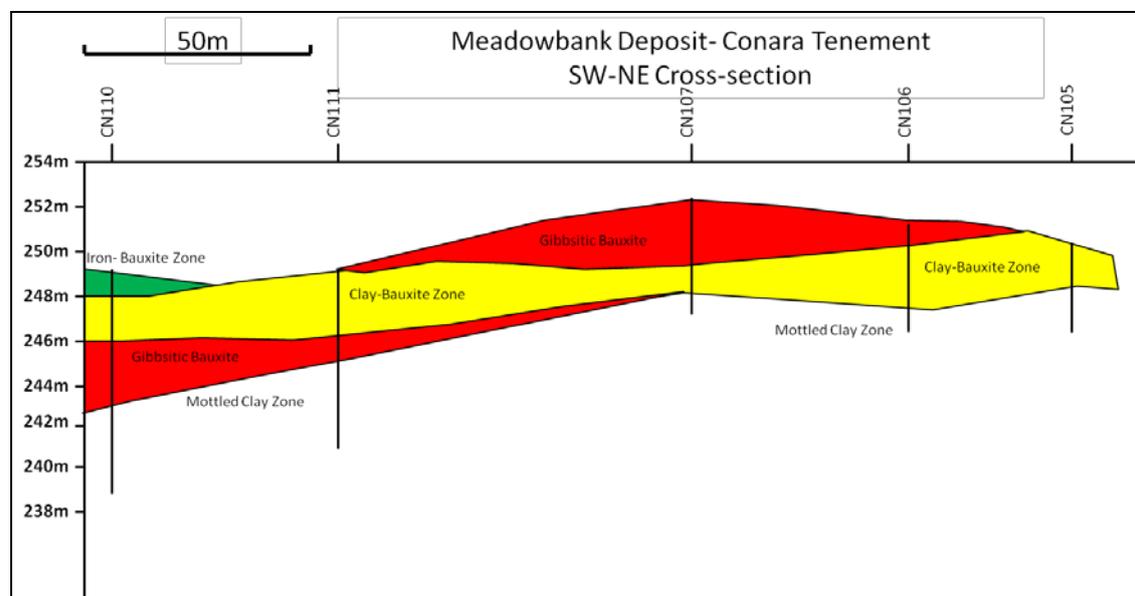


Figure 1. Typical Cross-Section of Meadowbank/Rosedale Deposit (Similar to those in EL 3/2012).

Tenement Information

EL 3/2012 “Ross” was granted on and from 11 September 2012 for a period of 5 years to ABx4 Pty Ltd (ABx4). This is the Third Annual Report for the reporting period 11 September 2014 – 10 September 2015 incorporating the results of work completed during the second year of tenure.

The total area of the Mineral Category 1 Exploration Licence was originally 174 km². However, in late 2013, ~71km² of this area was partially relinquished, retaining a total area of 103 km² (Map 1). In August 2015 an application to drop a further 10km² was submitted and is being processed (Map2). This reduction will bring the total area 93km². These partial relinquishments were focused on removing towns, settlements, rivers and mountain areas. Many of these areas are unlikely to have bauxite because of higher amounts of erosion. In other areas it would not be practical to explore because it would constrain any potential developments if bauxite was found.

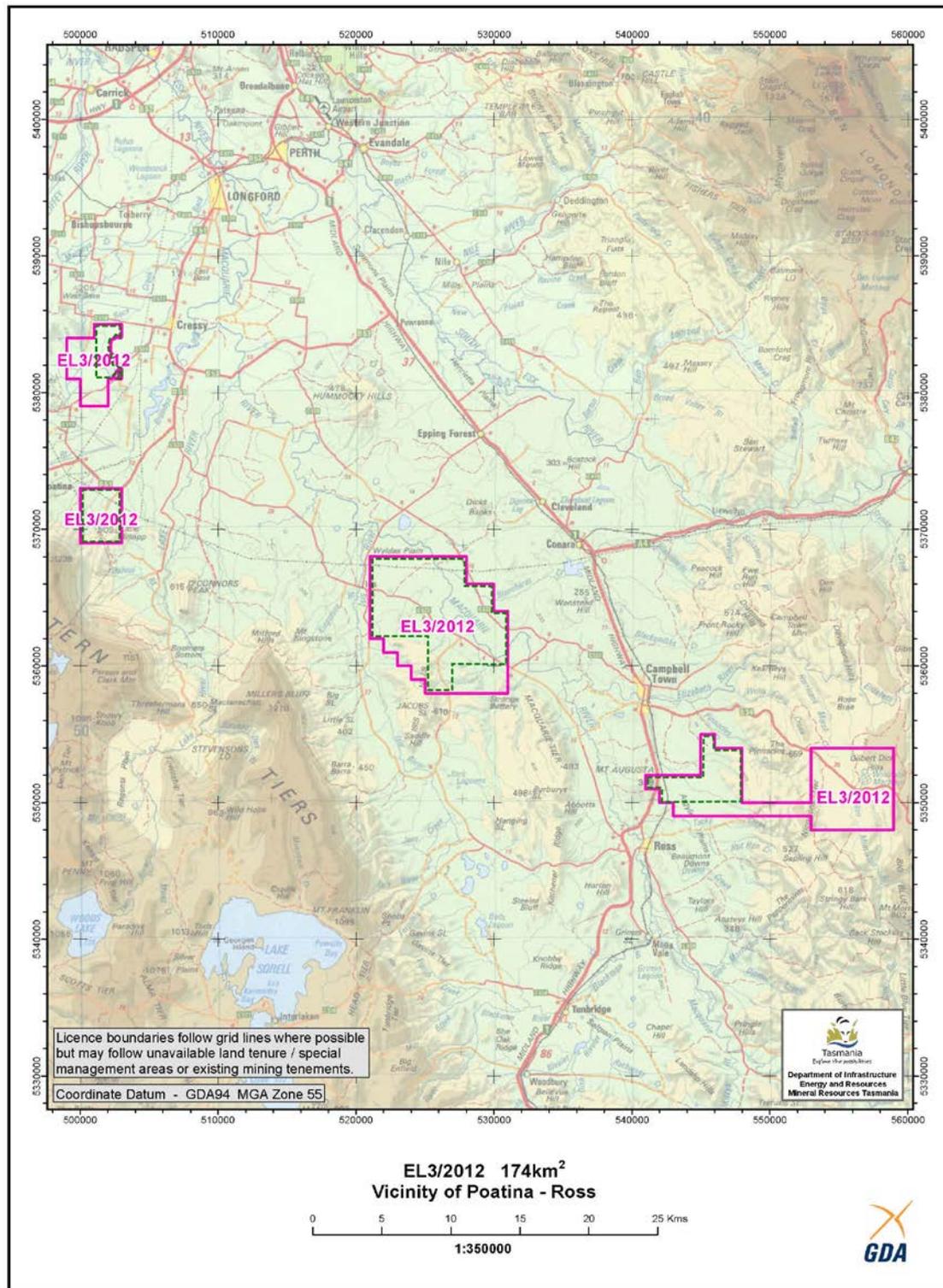
Tenure, including joint venture details and title transfers

EL 3/2012 “Ross” is 100%-owned by ABx4 Pty Ltd, a 100%-owned subsidiary of Australian Bauxite Limited.

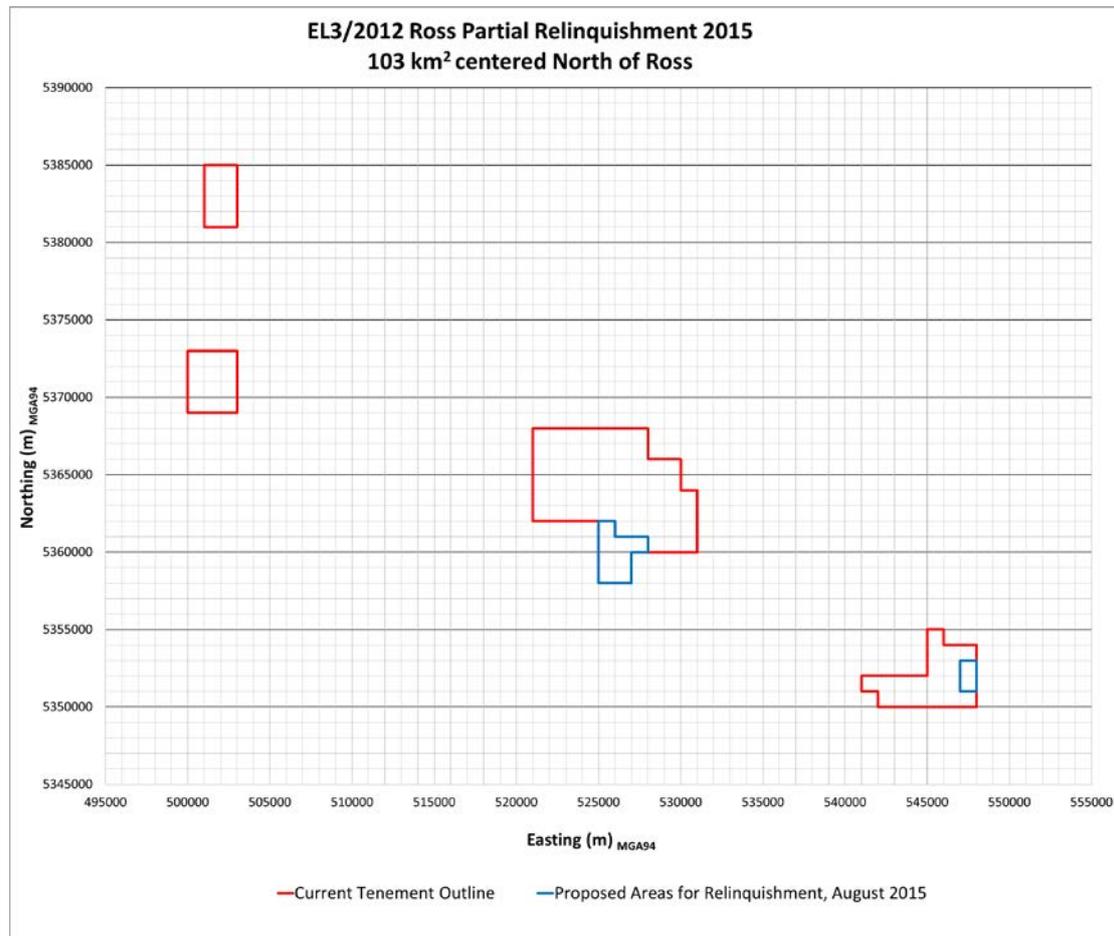
Location

The Ross tenement is comprised of 4 separate parcels of land; the largest being located 10 km to the west of Campbell Town (See Map 1). The tenement is approximately 90km from the large operating port at Bell Bay and the Midlands highway passes through the centre of the tenement. The Ross tenement is ideally located for both rail and road transport to the port. EL 3/2012 is close to the city of Launceston which could offer a wide range of services and skilled work force.

The majority of the land usage in the tenement is agricultural land with land categories 4-6, with some small private reserves and natural forest. Gaining access to farming properties in the past has been very successful, with most landowners contacted by ABx4 allowed the geological assessment team to operate on their property.



Map 1. Location Map of EL 3/2012 "Ross". Original and current tenement outlines in pink and green, respectively. Coordinate datum is GDA94 MGA Zone 55.



Map 2. Current and Proposed Relinquishment Area of EL3/2012.

3 REVIEW OF PREVIOUS WORK

Prior to Current Tenement

Historical references for bauxite in the Ross Tenement are reported by H.B. Owen in his book “Bauxite in Australia”, 1954, which was the basis for Initial exploration of the area

- H.B. Owen, 1954, Bauxite in Australia, Bulletin 24

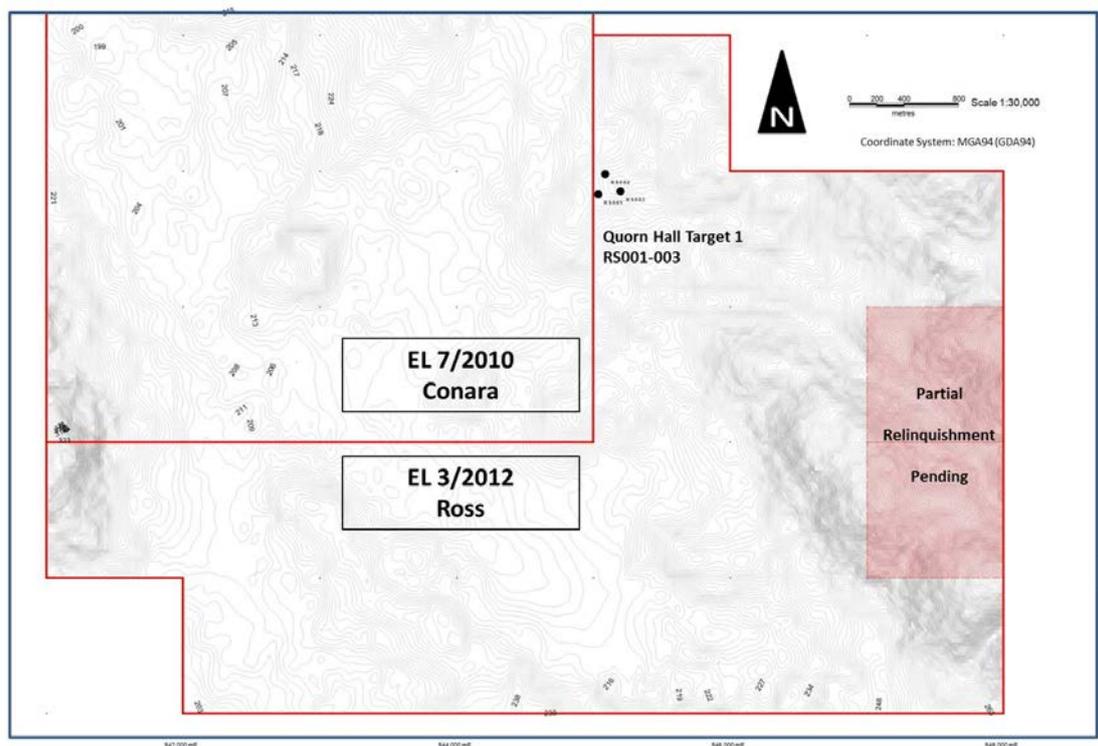
4 EXPLORATION COMPLETED DURING THE REPORTING PERIOD

Literature Review

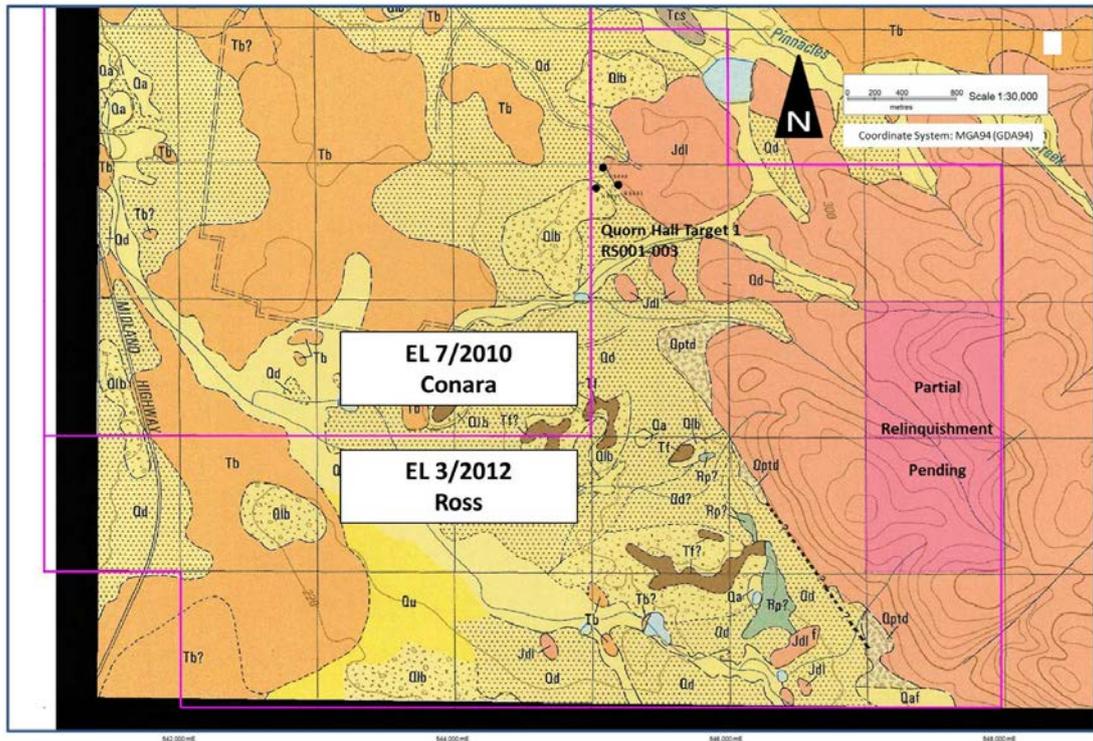
- H.B. Owen, 1954, Bauxite in Australia, Bulletin 24

During the Current Tenement Period

A total of three holes were drilled in the Quorn Hall target #1 (Map 3-4). Logging of drill sample material indicated that these holes were very clay-rich, with fragments that were bauxitic in appearance lying within the clay matrix in the upper metres (ranging from 2 to 6 metres depth below surface depending on hole). The assay results of selected drill samples (Table 1) support that the subsurface material is very clay-rich with a hard Fe rich cap – both by the high reactive silica and low yields from wet screening sample at 0.26mm. No economic quantities of bauxite were discovered at the Quorn Hall Target #1.



Map 3. Locations of Ross targets (black dots) drilled in 2015, overlying 1m contours of 1arc sec DEM-S data from NEDF Portal



Map 4. Locations of Ross targets (black dots) drilled in 2015, overlying Snow Lake 1:50,000 Geological Map Sheet (MRT).

Table 1. Assay data from drill hole samples

holeid	From (m)	To (m)	Yield (%)	Al2O3 Avl (%)	Rx SiO2 (%)	tot_Al2O3 (%)	tot_SiO2 (%)	Fe2O3 (%)	tio2 (%)	loi (%)
RS002	0	1	25.7	1.1	14.1	14.12	35.7	38.6	2.18	8.85
RS002	1	2	47.3	0.5	16.8	14.54	28.3	45.4	1.29	9.98
RS002	2	3	46.3	0.4	34.9	27.9	49.3	8.77	2.02	11.52
RS002	3	4	46.3	0.4	28.3	21.66	37.3	28.2	1.2	11.16

Note Leach conditions to measure available alumina "Al2O3 Avl" & reactive silica "Rx SiO2" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. Sample was washed through 0.26mm screen with the + fraction assayed.

During the past 12 months ABx4 has prioritised both financial and human resources towards its key prospects within EL7/2010 and EL9/2010 which have been designated by ABx4 as the locations for its first operating mines in Tasmania.

5 DISCUSSION OF RESULTS

The drilling results and Quorn Hall were disappointing with no economic grades of bauxite being intercepted.

The bauxite mineralization in the Central Midlands and Ross region is generally confined to hills, ridges and plateaus of weathered/bauxitised basaltic volcanoclastic deposits. The bauxite is only partially continuous along the ridge tops and seems to form pockets of bauxite on the old surface. The original layer may have been more extensive but could have eroded away over time. The bauxite is sometimes pisolitic at surface with massive red/yellow vuggy gibbsitic bauxite making up most of the lower mineralized layer. In some zones, probably in areas of increased drainage; a fine grained yellow friable bauxite forms which is difficult to identify because of its similarity to clay. The fine grained bauxite is highly gibbsitic, low in iron and slightly higher in reactive silica. The bauxite zone also contains zones of increased iron and clay; also likely associated with drainage patterns. Iron rich layers most often form near surface or on the edge of the bauxite deposit. The clay (reactive silica) rich bauxite forms an interburden waste or low grade bauxite usually between two layers of gibbsitic or iron rich bauxite. The underlying contact zone "Mottled Zone" is sometimes defined by red and white irregular mottled layer sometimes with cemented lumps of red iron rich clay just below the bauxite layer. In lower parts of the Mottled Zone relic textures of the original volcanic is evident.

In EL3/2012 the majority of the bauxite bearing areas are masked by varying thicknesses of Aeolian sands which makes discovery of bauxite exposures difficult, however there are areas with "Windows" of recent wind erosion which allow underlying bauxite to be exposed and areas where deep tree roots enter bauxite and expose it to the surface once the tree is blown over in strong winds. Careful exploration methods undertaken with a clear understanding of geomorphology and Post Tertiary climatic processes have been successful in the exploration process in the tenement.

6 CONCLUSIONS AND RECOMMENDATIONS

No further drilling is recommended on Quorn Hall target #1 drilled in March 2015. However, there remain a number of targets on the Quorn Hall property that have not yet been drill-tested

Detailed exploration within EL3/2012 is expected to recommence in the next reporting period.

Recommendations for future work include:

1. Detailed geological mapping, including geomorphological mapping and study of satellite images to define the areas with the best potential for bauxite.
2. Systematic sampling of natural outcrops and exposures in road cuts of lateritic weathering profile.
3. Chemical analyses of samples, including specialist analyses to determine total and available alumina, total and reactive quartz, loss on ignition and sieving (+0.26mm) at 260 microns as required in the bauxite search.
4. Drill testing of zones with best potential with an RC drill rig mounted on a light six wheel truck to get samples representing the whole lateritic weathering profile (from upper-most iron rich zone through alumina rich zone down into mottled and pallid saprolite zone).
5. Systematic sampling and drilling at waypoints with best bauxite potential.
6. Sieve testing to find optimal sieve size for Tasmanian bauxites.
7. Detailed analysis of assay results to determine assaying strategy for future drilling.
8. Testing new sample processing techniques to improve silica reduction.

7 ENVIRONMENT

Surface Disturbing Operations:

3 reverse circulation (RC) holes were drilled during the current reporting period.

RC drilling results in a ~90mm diameter hole in the ground. *See Rehabilitation sub-section below.*

Surveys (archaeological, botanical):

No archaeological or botanical surveys were conducted in the current year of tenure.

Rehabilitation:

ABx4 has a policy of rehabilitating all drillholes immediately after they are drilled. The method of rehabilitation is to push an OctoPlug down to 1.5m depth and to fill the remaining hole with innocuous drillhole material and/or any excess topsoil. All drillholes were properly rehabilitated and to the satisfaction of the landholder.

8 EXPENDITURE

Table 2. – Exploration Activity and Expenditure Table for reporting period 11 Sep 2014 – 10 Sep 2015.

Exploration Category	Description of Activity	Quantity	Expenditure
Office Administration	Office Administration		\$500
Authority Management	Tenement Management		\$700
Office Activities	Data Processing & Report preparation		\$1000
Field Activities	Geological Mapping		
	Sampling		
	Equipment Hire		
	Accommodation/Field Camp		\$1000
	Travel		\$300
	Land Holder Liaison		
	Field Supplies		\$200
	Other		
	Geophysics		
	Airborne		
	Type		
	Ground		
	Type		
	Drilling (program cost)		
	RAB/AC		600
	RC		
	Diamond		
	Other		
Laboratory			320
Salaries / Wages	Employees	Geological	\$10,000
		Grand Total	\$14,620

Note: Office Administration was met by parent company – Australian Bauxite Limited.

9 REFERENCES

H.B. Owen, 1954, Bauxite in Australia, Bulletin 24